

REPORT
EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
DECEMBER 31, 2007 AND 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/30/08

EAST JEFFERSON GENERAL HOSPITAL

RETIREMENT AND SAVINGS PLAN

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DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

March 21, 2008

To the Finance Committee
Attention: Mr. Ashton Ryan, Chairman
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the accompanying statements of plan net assets of the East Jefferson General Hospital Retirement and Savings Plan as of December 31, 2007 and 2006 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Pension Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the East Jefferson General Hospital Retirement and Savings Plan at December 31, 2007 and 2006 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental schedules listed in the foregoing index to report are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required supplemental schedules for the years ending December 31, 2002 through December 31, 2007 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2008 on our consideration of the East Jefferson General Hospital Retirement and Savings Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

This discussion and analysis of the financial performance of East Jefferson General Hospital's Savings and Pension Plan provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS – DEFINED BENEFIT RETIREMENT PLAN

The following highlights are explained in greater detail later in this discussion.

- The net assets held in trust for the Defined Benefit Retirement Plan funds increased by \$2,892,529 during the 2007 fiscal year and totaled \$39,716,898 as of December 31, 2007.
- Retirement benefits paid during 2007 increased \$63,632 to total \$2,499,791.
- Employer contributions to the Plan increased \$13,091 during 2007 to total \$1,497,719.
- Net appreciation in the fair market value of investments revealed net appreciation of \$2,887,546 compared to net appreciation of \$2,389,699 for the prior fiscal year.
- Investment advisory and custodial fees decreased \$82,622 to total \$275,097.

FINANCIAL HIGHLIGHTS –DEFINED CONTRIBUTION SAVINGS PLANS

The following highlights are explained in greater detail later in this discussion.

- The aggregate net assets held in trust for the Defined Contribution Savings Plans increased by \$13,425,359 during the 2007 fiscal year and totaled \$90,893,001 as of December 31, 2007.
- Net appreciation in fair market value of investments revealed net appreciation of \$1,363,109 compared to net appreciation of \$4,182,541 for the prior fiscal year.
- Total contributions to the Savings Plans increased by \$1,904,682 to total \$13,401,478 on December 31, 2007.
- Total withdrawals increased \$496,901 during 2007 bringing withdrawals to \$4,150,754.

CHANGES TO THE DEFINED BENEFIT PENSION PLAN

In 2007, there were no proposed amendments in relationship to the Defined Benefit Plan. In January 2005, the Boards of Directors adopted a resolution to freeze the Defined Benefit Plan. This resolution has an ongoing effect of reducing the actuarially recommended contributions to the plan. The recommended contribution for 2008 is \$1,413,043, \$84,676 less than the 2007 recommended contribution of 1,497,719.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

DEFINED BENEFIT RETIREMENT PLAN FINANCIAL PERFORMANCE

The net assets held in trust for the Defined Benefit Retirement Plan increased by \$2,892,529 during the 2007 fiscal year and totaled \$39,716,898 as of December 31, 2007.

While the \$2,887,546 fair market value appreciation of plan investments contributed to an increase in net assets during 2007, investment growth has increased significantly in comparison to the \$2,389,699 appreciation reported in 2006. This modest increase was offset by increases in net assets attributable to a \$63,632 increase in retirement benefits paid and a \$82,622 net decrease in advisory and custodial fees. When combined with the effects of a \$13,091 increase in employer contributions, the net assets held in trust increased \$2,892,529, compared to the \$2,104,651 increase reported in 2006.

Six investment advisors are currently managing the investments in the Retirement Plan. The primary investment advisor, Equitas Capital Advisors, LLC, monitors and reports regularly on the performance of five sub-advisors specializing in: Large Cap Equity Value, Small Cap Equity Value, and Fixed Income/Intermediate Term Bonds. During 2007, the fair market value of investments held by the Defined Benefit Pension Plan revealed a modest net appreciation of \$2,887,546. Equitas Capital Advisors has calculated the net time-weighted rate of return for the plan year ending December 31, 2007 at 10.79%. This is an increase of 1.40% compared to the 9.39% net time-weighted rate of return reported in 2006 and 5.08% higher than Equitas' Balanced Index benchmark. The over-performance of the Plan's investment relative to industry benchmarks can mostly be attributed to the (33.05)% returns provided by the Plan's Small Cap Equity Manager.

Employer contributions to the Plan increased \$13,091 to total \$1,497,719 at year-end. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2007 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to the freezing of the Defined Benefit Plan and the resulting elimination of normal cost from the actuarial contribution calculation. The actuarial valuation for the plan year beginning January 1, 2008, recommends a \$1,413,043 contribution to the Pension Trust Fund during 2008.

The Schedule of Contributions – Employer and Other Sources (on page 20) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The Schedule of Funding Progress (on page 21) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of the Plan.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

CHANGES TO THE DEFINED CONTRIBUTION SAVINGS PLAN STRUCTURE

In June of 2007, the Board of Directors approved the Service Agreement(s) Extension between East Jefferson General Hospital and AIG Valic, the termination of the 457(f) Executive Voluntary Retirement Savings Plan, and the additional of four investment options to the 401(a), 403(b), and 457(b) Retirement Savings Plans.

The Service Agreement(s) Extension- Extends the Service Agreement for the 401(a), 403(b), and 457(b) Retirement Savings Plans effective 07/01/2007 through December 31, 2009 (30 month term), then an automatic month-to-month thereafter. It provides a reduction in fees to team members equal to 0 basis points (from 13 basis points) totaling approximately \$104,000/year, and it offers a continuity and stability of investments advisory services.

Termination of the 457(f) Executive Voluntary Retirement Savings Plan – The termination of this plan is due to the lack of participation, effective 07/01/2007. The termination of this plan will reduce administrative burden and will limit executive team members to participate in the 403(b) and 457(b) Retirement Savings Plans only.

Additional Investment Options – In order to compliment each available investment class, the Board of Directors approved four additional investment options to the 401(a) Retirement Savings, 403(b) Retirement Savings, and the 457(b) Voluntary Retirement Savings. In the past, team members had only ten investments and three lifestyle funds to choose from for investment diversification. Effective 10/01/2007, four new investment options were available, making the total of investments choices to fourteen. Listed below are the new options:

World Stock-American Funds Cap World Global
Small Growth-JP Morgan Small Cap Growth
Small Blend-Oppenheimer Main Street Small
Mid Blend-Dreyfus Midcap Index

In conjunction of the above approval, the Board of Directors approved to amend the replacement of the three JP Morgan Lifestyle funds which are based solely on risk tolerance with the T-Rowe 10 Series. The T-Rowe 10 Series are based on a Team Member's age and length of time until retirement. It provides a more effective way in investing and it diversifies a team member's investment portfolio.

In June of 2007, the Board of Directors also approved to amend the replacement of the default investment option from the AIG Valic Fixed Option to the T-Rowe 10 series, the restatement of the 401(a) Retirement Savings Plan to include the hospital basic contribution, and the 403(b) Retirement Savings Plan to exclude future hospital basic contribution, effective 10/01/2007.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

Default Investment Option – Effective 10/01/2007, team members who do not allocate their investments will be defaulted into the Target Maturity – T Rowe Price 10 Series (versus the AIG Valic Fixed Account). The Target Maturity fund is better suited in achieving investment goals, and it is potentially better for investment performance through diversification. This Fund will be available to all Team Members; however, the default option will apply only to future Team Members.

Restatement of the 401(a) Retirement Savings Plan & Amendment of the 403 (b) Retirement Saving Plan – The 401(a) Retirement Savings Plans required Team Members to have 5 credited years of service (1000 hours/year) before they become vested in the Hospital Basic and Matching Contributions. Team Members who terminate employment prior to achieving vesting forfeit these contributions. In October 2003, the Board of Directors adopted a resolution to free the post-tax 401(a) Savings Plans in favor of offering the pre-tax 403(b), 457(b), and 457(f) defined contribution savings plans, effective December 31, 2003. Due to plan restriction, the 401(a) plan forfeiture balances were not allowed to be used toward future contribution when the plan was frozen. In an effort to utilize hospital balances forfeited by Team Members who did not meet vesting requirement, the Boards of Directors approved the restatement of the 401(a) Retirement Savings Plan and amended the 403(b) Retirement Savings Plan to exclude future Hospital Basic Contribution. By redesigning the 401(a) and the 403(b) plans, the Hospital will be able to offset future Hospital contribution with forfeiture balances. The above allow the Hospital to utilize hospital assets of \$580,302 that were restricted as of June 2007. Forfeitures in the amount of \$675,824 and \$254,413 as of February 8, 2008 were used to offset hospital contributions for the 401(a) & 403(b) respectively. Below is the new plan structure effective October 1, 2007.

2008 Funding	Hospital Basic Contributions	Team Member Contribution	Hospital Matching Contribution
Type of Plan	401(a) plan- pre-tax	403(b) plan- pre-tax	403(b) plan- pre-tax

On June 28, 2007 East Jefferson General Hospital, as Employer sponsor ("Employer"), adopted the Amendment for Hurricane Relief Acts to the East Jefferson General Hospital 403(b) Savings Retirement Plan and associated loan program or policy, effective December 20, 2007. This Amendment supersedes the provisions of the Plan (or loan program or policy) to the extent those provisions are inconsistent with the provisions of this Amendment. Under the Amendment for Hurricane Relief Acts the following apply: a participant may take a Qualified Hurricane Distribution, provided the aggregate amount of Qualified Hurricane Distribution received by a participant for any taxable year does not exceed \$100,000. A "Qualified Distribution" for purpose of this section, means any qualified Katrina distribution, any qualified Rita distribution, and any qualified Wilma distribution. If the plan permits rollover contributions, a participant who receives a Qualified Hurricane Distribution from an eligible retirement plan, at any time during the 3-year period beginning on the day after the receipt of the distribution

**EAST JEFFERSON GENERAL HOSPITAL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

distribution, may make one or more contributions to the plan, as rollover contribution, in an aggregate amount not to exceed the amount of distribution. If a Qualified individual has an outstanding loan from the Plan on or after the Qualified Beginning Date, then: (i) if the date for any repayment of such loan occurs during the period beginning on the Qualified Beginning Date and ending December 31, 2006, the due date is extended for one year; (ii) the plan will adjust any subsequent repayments to reflect the extension of the due date under (i) and any interest accrued during the extension; and (iii) the Plan will disregard the period of the extension described in (i) in determining the 5-year period and the loan term.

Both the 401(a) and the 403(b) were amended to be able to utilize the \$930,237 forfeiture balance available at the time of funding in February 2008. With the new structure, the Hospital Basic Contribution will be deposited to the 401(a) and the Team Member Contribution and Hospital Contribution will be made to the 403(b). These changes occurred automatically and it appeared on the Team Member's first quarter, 2008 AIG Valic Statement. In 2007, the Board also approved the termination of the 457(f) Executive Voluntary Retirement Savings Plan due to lack of participation. The 457(f) Executive Retirement Plan allowed Vice President level and employed physician team members to contribute additional funds on a pre-tax basis with no IRS limits.

COMBINED DEFINED CONTRIBUTION SAVINGS PLAN FINANCIAL PERFORMANCE

The net assets held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$13,425,359 during the 2007 fiscal year. Combined contributions of \$13,401,478 were the main force behind the increase in Net Assets. Combined Investment Income, net of investment advisory fees, totaled \$4,555,140 and served to offset the year's \$4,150,754 in withdrawals, benefits paid, and forfeitures.

During 2007 Savings Plan investments reflected a net appreciation in fair market value of \$1,363,109. While the appreciation of the fair market value of investments indicates a positive rate of return for 2007, returns have decreased somewhat in comparison to the \$4,182,541 net appreciation observed in 2006.

Total Contributions to the Savings Plans increased by \$1,904,682 during 2007 to total \$13,401,478. Team-member contributions increased by \$809,392 and composed 42% of the overall increase. Team-member contributions to the 403(b) plan increased by \$682,155 (or 84% of the team-member increase). This corresponds to the addition of 560 new 403(b) plan participants during 2007. The remaining 16%, or \$127,237, of the increase in total team member contributions is attributable to increased participation in the pre-tax 457(b) Plan and the 401(a) Plan. As participation in the 403(b) plan increased, employer contributions to the 403(b) plan increased as well.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

EJGH RETIREMENT AND SAVINGS PLANS AS A WHOLE

During the year ended December 31, 2007, East Jefferson General Hospital's combined plan net assets increased \$16,317,888, to total \$130,609,899. While positive returns on investment were noted, much of the observed growth in plan assets is attributable to employer and team-member contributions. Total contributions for the defined benefit and defined contribution plans increased \$1,917,773, to total \$14,899,197.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Bruce M. Naremore, Senior Vice President and Chief Financial Officer, East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006, (504) 454-4006.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2007 AND 2006**

	2007				2006					
	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)
ASSETS:										
Receivables and prepaids:										
Accrued interest and dividends	\$ 171,365	\$ -	\$ -	\$ -	\$ 171,365	\$ 117,338	\$ -	\$ -	\$ -	\$ 117,338
Contributions receivable:										
Employee	-	-	213,840	63,745	277,585	-	-	188,375	56,544	244,919
Employer	-	2,955,549	1,895,497	-	4,851,046	40,319	-	4,396,845	-	4,437,164
Total receivables	171,365	2,955,549	2,109,337	63,745	5,299,996	157,657	-	4,585,220	56,544	4,799,421
Investments, at fair value:										
Cash equivalents	2,876,574	-	-	-	2,876,574	2,557,245	-	-	-	2,557,245
U.S. Government and agency issues	11,047,030	-	-	-	11,047,030	4,549,296	-	-	-	4,549,296
Corporate bonds	5,491,045	-	-	-	5,491,045	8,438,867	-	-	-	8,438,867
Foreign obligation bonds	129,972	-	-	-	129,972	126,423	-	-	-	126,423
Equities	21,501,694	-	-	-	21,501,694	21,088,551	-	-	-	21,088,551
AIG Valic	-	47,240,232	32,807,393	5,716,745	85,764,370	-	47,451,724	21,832,220	4,069,238	73,353,182
Total investments	41,046,315	47,240,232	32,807,393	5,716,745	126,810,685	36,760,382	47,451,724	21,832,220	4,069,238	110,113,564
Total assets	41,217,680	50,195,781	34,916,730	5,780,490	132,110,681	36,918,039	47,451,724	26,417,440	4,125,782	114,912,985
LIABILITIES										
Accounts payable	1,500,782	-	-	-	1,500,782	93,670	-	-	-	93,670
Contributions paid in advance due to forfeitures	-	-	-	-	-	-	523,236	4,068	-	527,304
Total liabilities	1,500,782	-	-	-	1,500,782	93,670	523,236	4,068	-	620,974
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 39,716,898	\$ 50,195,781	\$ 34,916,730	\$ 5,780,490	\$ 130,609,899	\$ 36,824,369	\$ 46,928,488	\$ 26,413,372	\$ 4,125,782	\$ 114,292,011

See accompanying notes.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007				2006			
	Defined Benefit Retirement Plan	401(a)	Savings Plan 403(b)	(Total Memorandum Only)	Defined Benefit Retirement Plan	401(a)	Savings Plan 403(b)	(Total Memorandum Only)
ADDITIONS:								
Contributions:								
Members	\$ -	\$ 5,841	\$ 6,919,989	\$ 8,550,432	\$ -	\$ -	\$ 6,237,834	\$ 7,741,040
Employer	1,497,719	2,955,548	1,895,498	6,348,765	1,484,628	-	3,755,756	5,240,384
Total contributions	1,497,719	2,961,389	8,815,487	14,899,197	1,484,628	-	9,993,590	12,981,424
Investment income:								
Interest	868,270	25,897	6,601	900,768	740,022	19,770	7,028	892,538
Dividends	413,882	1,843,827	1,130,091	3,643,283	284,180	840,452	509,233	1,633,865
Net appreciation in fair value of investments	2,887,546	1,148,128	215,136	(155)	2,389,699	3,039,815	959,828	6,572,240
Less:								
Investment advisory services	4,169,698	3,017,852	1,351,828	8,794,706	3,413,901	3,900,037	1,476,089	9,098,643
Custodial fees	218,768	-	-	218,768	293,474	-	-	293,474
	56,329	43,614	21,926	126,197	64,245	36,725	10,893	114,375
Net investment income	3,894,601	2,974,238	1,329,902	8,449,741	3,056,182	3,863,312	1,465,196	8,690,794
Total additions	5,392,320	5,935,627	10,145,389	23,348,938	4,540,810	3,863,312	11,458,786	21,672,218
DEDUCTIONS:								
Retirement benefits paid and savings plan withdrawals	2,499,791	2,517,886	1,411,974	6,650,545	2,436,159	2,169,355	1,270,888	6,090,012
Forfeitures of nonvested contributions	-	150,448	230,057	380,505	-	134,262	202,463	336,725
Total deductions	2,499,791	2,668,334	1,642,031	7,031,050	2,436,159	2,303,617	1,473,351	6,426,737
NET INCREASE	2,892,529	3,267,293	8,503,358	16,317,888	2,104,651	1,559,695	9,985,435	15,245,481
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:								
Beginning of year	36,824,369	46,928,488	26,413,372	114,292,011	34,719,718	45,368,793	16,427,937	99,046,530
END OF YEAR	\$ 39,716,898	\$ 50,195,781	\$ 34,916,730	\$ 130,609,899	\$ 36,824,369	\$ 46,928,488	\$ 26,413,372	\$ 114,292,011

See accompanying notes.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). These financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* and related standards.

Basis of Accounting:

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest and dividend income is recognized when earned.

Method Used to Value Investments:

Investments are reported at fair value, based on quoted market prices, short-term investments are reported at cost and insurance contracts at contract value, which approximates fair value.

Memorandum Only Column:

The total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Tax Status:

Both the retirement and 401(a) savings plan have obtained favorable determination letters. Although those Plans have been subsequently amended, it is believed that they are being operated in compliance with the applicable requirements of the Internal Revenue Code. The 403(b) and 457(b) are proto type plans that have been designed to meet the requirements of the Internal Revenue Code.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION:

The East Jefferson General Hospital Retirement Plan and Savings Plan Committee is the administrator of a single employer defined benefit retirement plan and hospital sponsored defined contribution savings plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (Hospital).

DEFINED BENEFIT RETIREMENT PLAN:

All full-time employees hired or re-hired prior to January 1, 2005 who are at least age 21 with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after 5 years of credited service. Employees who retire at, or after, age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, unless the present value amount is under \$8,500. In these instances, the employer has the option to distribute benefits to the employee in a lump sum payment. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Plan. In January 2005, a resolution was adopted to freeze the defined benefit plan effective April 1, 2005. Non-vested employees hired prior to January 1, 2005 will continue to vest in the plan, pending continual employment through the vesting date.

Membership in the Plan as of the last actuarial valuation consists of:

	<u>1/1/08</u>	<u>1/1/07</u>
Retirees and beneficiaries receiving benefits	540	526
Terminated employees entitled to benefits but not yet receiving them	1,488	1,415
Active employees	<u>1,316</u>	<u>1,448</u>
TOTAL PARTICIPANTS	<u>3,344</u>	<u>3,389</u>

Pension Benefits:

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after 1988, benefits accrued under a new formula. Under the formula benefits accrued at .75% of participant's annual pay up to a designated "breakpoint" and .5% of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the Plan as of that date.

After five credited years of employment with the Hospital (counting all prior service), the pension benefit will be fully vested. Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms - life annuity, joint and survivor annuity, and ten year certain and life annuity.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED BENEFIT RETIREMENT PLAN: (Continued)

Death Benefits:

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

Contributions:

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially determined recommended contribution for the plan year ending December 31, 2008 is shown below compared to the actual contribution made based on the prior valuation for 2007.

	January 1, 2008 <u>for 2008</u>	January 1, 2007 <u>for 2007</u>
ANNUAL CONTRIBUTION:		
As a dollar amount	\$ 1,413,043	\$ 1,497,719
As a percent of payroll	2.1%	2.2%
Participant payroll	67,011,684	69,482,662

DEFINED CONTRIBUTION SAVINGS PLAN:

The Savings Plan includes a 401(a) plan that was frozen to new participants effective December 31, 2003 and reactivated 2007. The Savings Plan also includes a 403(b) plan and a 457(b) plan that were established effective January 1, 2004. The 401(a) plan covered all full-time employees who have been employed for a twelve-month period during which at least one thousand hours of service are completed and who are at least twenty-one years of age.

With the exception of leased employees, all employees at least 21 years of age are eligible to make elective deferrals under the 403(b) plan. All full and part time employees are eligible for employer contributions under the 403(b) plan after attaining age twenty-one and completing one month of employment. All employees who are at least 18 years of age are eligible to participate in the 457(b) Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN: (Continued)

Contributions:

The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in .5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. Matching employer contributions are made at a rate equal to 100% of the elective deferral of each employee up to 2%. Effective in 2006, the Plan was amended to change the Hospital's funding to an annual basis, from pay period, and allows for confirmation of an employee's eligibility.

The 457(b) plan allows employee elective deferrals up to the annual limits allowed by the IRS. No employer contributions are made to this plan.

During 2007 the 401(a) plan provided for a basic contribution by the Hospital of two percent of eligible annual compensation including overtime. This Plan was frozen effective December 31, 2003 and reactivated during 2007.

Participants' Accounts:

Participants in the Savings Plans have separate accounts for each of the Plans. Each participant's account is credited with the Hospital's contribution, if applicable, and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's eligible annual compensation as specified in the plan document.

Vesting:

The participant is one hundred percent vested in Hospital contributions after the completion of five credited years of vesting service and upon death, disability or termination of the Plan. Vesting status is not pro-rated. For this purpose, participants earn one year of vesting service for each year in which they work one thousand hours or more. Any contributions made by participants for the Plan, and earnings on that contribution, are one hundred percent vested to the participants when made.

Withdrawals and Distributions:

Participants are allowed to withdraw their own contributions from the 401(a) plan. Hospital contributions may not be withdrawn. Withdrawals are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during that six months the participant is ineligible to receive the Hospital's matching contributions.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN: (Continued)

Withdrawals and Distributions: (Continued)

Only hardship withdrawals are allowed for the 403(b) and 457(b) plans. AIG Valic determines if a participant is eligible for a hardship withdrawal based on IRS Section 457(d)(1)(A)(iii) of the Code.

Loans are not permitted under the terms of the Plan.

With the implementation of the Katrina Emergency Tax Relief Act of 2005 (KETRA), employees are allowed withdrawals of their own contributions without the 10% early withdrawal penalty.

Although the Hospital does not allow loans, KETRA provides for these funds to be "re-contributed" to an eligible retirement plan at any time within the next three years.

Upon termination of employment for resignation, dismissal, retirement or death, the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings may be distributed to the participant or his/her designated beneficiary. In addition, the employee may remain in the Plan, request a rollover distribution, or a distribution in the form of a lump sum or annuity provided by the investment advisor.

Forfeitures:

Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his account.

3. ACTUARIAL COST METHOD:

The Traditional Unit Credit Cost Method was used to calculate the funding requirements for the defined benefit retirement plan for the years ended December 31, 2007 and 2006. Under this cost method, the normal cost of active participants under normal retirement age is equal to the actuarial present value of the benefit expected to accrue during the next year, taking into account pension, termination, death, and disability benefits. The normal cost for the plan is the total of the individually computed normal cost for all participants.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, and turnover which are assumed to hold for many years into the future.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

4. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits and is presented on pages 20-22.

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Plan's cash equivalents and investments at December 31, 2007 and 2006.

	<u>Defined Benefit Retirement Plan</u>	<u>Savings Plans</u>	<u>Total</u>
<u>2007:</u>			
Cash equivalents	\$ 2,876,574	\$ --	\$ 2,876,574
Investments	<u>38,169,741</u>	<u>85,764,370</u>	<u>123,934,111</u>
	<u>\$ 41,046,315</u>	<u>\$ 85,764,370</u>	<u>\$ 126,810,685</u>
<u>2006:</u>			
Cash equivalents	\$ 2,557,245	\$ --	\$ 2,557,245
Investments	<u>34,203,137</u>	<u>73,353,182</u>	<u>107,556,319</u>
	<u>\$ 36,760,382</u>	<u>\$ 73,353,182</u>	<u>\$ 110,113,564</u>

Cash Equivalents:

The Plan's cash equivalents totaling \$2,876,574 and \$2,557,245 at December 31, 2007 and 2006, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Plan's custodian's trust department.

Investments:

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2007 and 2006, the Retirement Plan's investments were held by J P Morgan Chase. The Savings Plan's investments are held by AIG Federal Savings Bank.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. At June 30, 2007 and 2006, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Plan's investments in long-term debt securities as of June 30, 2007 and June 30, 2006. (U. S. Government and Agency obligations totaling \$5,139,964 and \$4,549,296 for June 30, 2007 and June 30, 2006, respectively, are not rated.) Below is a schedule of other bonds with their applicable ratings.

<u>2007</u>				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Government</u>	<u>Corporate</u>	<u>Foreign Obligations</u>
AAA	\$ 8,117,681	\$ 5,907,066	\$ 2,133,345	\$ 77,270
AA	561,705	--	561,705	--
AA-	203,841	--	203,841	--
A+	45,520	--	45,520	--
A	844,863	--	844,863	--
A-	411,782	--	411,782	--
BBB+	305,809	--	305,809	--
BBB	142,048	--	89,346	52,702
BBB-	351,811	--	351,811	--
Not Rated	<u>5,682,987</u>	<u>5,139,964</u>	<u>543,023</u>	<u>--</u>
	<u>\$ 16,668,047</u>	<u>\$ 11,047,030</u>	<u>\$ 5,491,045</u>	<u>\$ 129,972</u>

<u>2006</u>				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Government</u>	<u>Corporate</u>	<u>Foreign Obligations</u>
AAA	\$ 4,139,630	\$ --	\$ 4,065,259	\$ 74,371
AA	611,613	--	611,613	--
AA-	--	--	--	--
A+	170,588	--	170,588	--
A	1,083,717	--	1,083,717	--
A-	557,714	--	557,714	--
BBB+	618,879	--	618,879	--
BBB	773,783	--	721,731	52,052
BBB-	306,850	--	306,850	--
Not Rated	<u>4,851,812</u>	<u>4,549,296</u>	<u>302,516</u>	<u>--</u>
	<u>\$ 13,114,586</u>	<u>\$ 4,549,296</u>	<u>\$ 8,438,867</u>	<u>\$ 126,423</u>

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

The Plan's investment policy regarding credit risk states that all fixed income securities shall carry an investment grade rating of BBB or higher.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan holds its cash equivalents in a nominee name in the amount of \$2,876,574 and \$2,557,245 for June 30, 2007 and 2006, respectively. The Plan has assets in the amount of \$123,934,111 and \$107,556,319 for June 30, 2007 and 2006, respectively, which are not held in a nominee name or in the name of the Plan and therefore exposed to custodial credit risk. These assets are held in JP Morgan Chase & Valic custodial accounts.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of June 30, 2007 and 2006, the Plan had the following investments in long-term debt securities and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2007</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater than 10</u>
U.S. Government and Government Agency Obligations	\$ 11,047,030	\$ --	\$ 5,548,638	\$ 5,415,713	\$ 82,679
Other Bonds:					
Corporate	4,558,540	118,921	2,074,263	891,710	1,473,646
Asset-Backed	932,505	--	466,683	203,943	261,879
Foreign Obligation	<u>129,972</u>	<u>--</u>	<u>--</u>	<u>129,972</u>	<u>--</u>
	<u>\$ 16,668,047</u>	<u>\$ 118,921</u>	<u>\$ 8,089,584</u>	<u>\$ 6,641,338</u>	<u>\$ 1,818,204</u>
<u>Investment Type</u>	<u>Fair Value</u>	<u>2006</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater than 10</u>
U.S. Government and Government Agency Obligations	\$ 4,549,296	\$ 642,655	\$ 1,170,671	\$ 544,088	\$ 2,191,882
Other Bonds:					
Corporate	7,373,490	--	1,234,880	3,565,518	2,573,092
Asset-Backed	1,065,377	--	230,810	577,596	256,971
Foreign Obligation	<u>126,423</u>	<u>--</u>	<u>--</u>	<u>74,371</u>	<u>52,052</u>
	<u>\$ 13,114,586</u>	<u>\$ 642,655</u>	<u>\$ 2,636,361</u>	<u>\$ 4,761,573</u>	<u>\$ 5,073,997</u>

The Plan has no formal investment policy regarding interest rate risk.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

The Plan invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

6. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

7. SAVINGS PLAN FUNDS:

During the year ended December 31, 2004 agreements with AIG Valic were obtained for each of the plans included in the Savings Plan. The hospital invests each participant's deferred compensation as directed by the employee. The investments are generally mutual funds; however, the plan documents provide for other types of investments. The responsibility for the selection of the investment alternatives has been retained by the Hospital.

The funds are included in the financial statements at December 31, 2007 and 2006 at fair market value.

8. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Hospital has the right under the Plan to discontinue its contributions at any time and to terminate the Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
DECEMBER 31, 2002 THROUGH 2007

<u>YEAR ENDED DECEMBER 31</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
2002	\$2,776,099	100%
2003	3,476,412	100
2004	2,953,227	100
2005	1,444,309	100
2006	1,484,628	100
2007	1,497,719	100

EAST JEFFERSON GENERAL HOSPITAL
 RETIREMENT AND SAVINGS PLAN
 SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
 SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2002 THROUGH 2007

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/03	\$ 26,259,440	\$ 44,129,053	\$ 17,869,613	59.5 %	\$ 82,385,934	21.7 %
01/01/04	32,338,261	46,598,037	14,259,776	69.4	80,774,461	17.7
01/01/05	34,833,733	50,355,490	15,521,757	69.2	88,164,146	17.6
01/01/06	34,719,918	50,674,981	15,955,063	68.5	69,325,248	23.0
01/01/07	36,954,546	53,050,297	16,095,751	69.7	69,482,662	23.2
01/01/08	39,790,947	54,976,707	15,185,760	72.4	67,011,684	22.7

EAST JEFFERSON GENERAL HOSPITAL
 RETIREMENT AND SAVINGS PLAN
 SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
 NOTES TO SCHEDULE OF CONTRIBUTIONS AND
 SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2007

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2008
Actuarial Cost Method	Traditional Unit Credit
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	8.50% per annum
Amortization Method	Level Dollar
Amortization Period	30 years Remaining (Open Basis)
Salary Increase Rate	- 0 -



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

March 21, 2008

To the Finance Committee
Attention: Mr. Ashton Ryan, Chairman
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the financial statements of the East Jefferson General Hospital, Retirement and Savings Plan, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of East Jefferson General Hospital, Retirement and Savings Plans control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the Plan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Plan's financial statements that is more than inconsequential will not be prevented or detected by the Association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the Plan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Finance Committee, management, and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Krapmann, Hogan & Maher, LLP